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SUBJECT: SEVEN PERCENT INCREASE IN 2005 DEFENSE BUDGET

REF: BOGOTA 6598

Summary

1. (U) The GOC's 2005 central defense budget is 9.2 trillion pesos, an approximately seven percent increase over 2004 (reftel). Defense spending has grown over 50 percent since 2001. The 2005 increase will fund over 16,000 new uniformed police and military, including three Army mobile brigades, one Army high mountain battalion, 5,000 rural police officers, eight mobile police squadrons, 158 additional hometown soldier platoons, and 969 marines. Despite the steady increase in defense spending since Uribe took office, spending on social services as a percentage of the national budget has not fallen. Social Protection and Education programs continue to receive more resources than the central defense budget. End Summary.

Defense Spending Increased Again

2. (U) In late October, the Colombian Congress approved the GOC's 2005 national budget, which includes 9.2 trillion pesos for defense, a 7.1 percent increase -- 610 billion pesos -- over 2004 spending. The additional funds will finance personnel growth and compensate for increases in routine expenses. Because GOC budget practices differ from those in the U.S., the figures below should be considered in the context of the text before drawing conclusions.

3. (U) Since 2001, Colombian central defense budgets have been:

2001: 6.0 trillion pesos
2002: 6.69 trillion pesos
2003: 8.117 trillion pesos
2004: 8.59 trillion pesos
2005: 9.20 trillion pesos (projected and approved by Congress)
2006: 8.86 trillion pesos (projected as of July 2004, but probably an underestimation)

4. (U) The central defense budget covers salaries; the operating costs for each service, the joint staff, and the Defense Ministry; pensions for a small number of civilian employees; health care services; and investments, including heavy equipment and training. The central budget does not include most non-operational ("decentralized") expenses, such as pensions for uniformed staff and the security forces' private sector ventures, including the Tequendama Hotel and Business Center and Satena Airlines. This "decentralized" budget is 2.64 trillion pesos for 2005.

5. (U) The 2005 central defense budget can be broken down as follows:

General Management (includes Defense Ministry): 623.34 billion pesos
Joint Staff: 38.86 billion pesos
Army: 3.42 trillion pesos
Navy: 664.17 billion pesos
Air Force: 690.21 billion pesos
Police: 3.07 trillion pesos
Health Care: 686.55 billion pesos
Miscellaneous: 12.5 billion pesos

6. (U) Alternatively, it can be broken down in the following manner:

Military and Ministry Operational Expenses: 5.16 trillion pesos
Military and Ministry Investment: 655.48 billion pesos
Police Operational Expenses: 3.29 trillion pesos
Police Investment: 102.6 billion pesos (this is the only figure that has decreased from 2004. Investment in 2004 was 112 billion pesos).

7. (U) By December 2005, the GOC plans to increase the security forces by 16,345 men, bringing the total to 374,125 uniformed police and military. Before Uribe took office in July 2002, the police and military totaled 278,796. If all increases projected for 2005 take place as planned, the security forces will have increased by 34 percent, or almost 100,000 members, during Uribe's first three and a half years

in office. The 2005 increases will be:

- Three Army mobile brigades (total: 15)
- One Army high mountain battalion (total: seven)
- 5,000 rural police officers (Carabineros) (total: 20,000)
- Eight mobile police squadrons (EMCAR) (total: 54 squadrons)
- 158 hometown soldier platoons (total: 27,006 hometown soldiers in 754 municipalities)
- 969 marines (total: 4,355)

18. (U) Projected increases in 2006 are:

- Three Army mobile brigades
- One Army high mountain battalion
- 5,700 hometown soldiers
- 500 marines

19. (U) Increased defense spending has not displaced spending on social services. The total national budget (excluding service on the national debt) in 2005 is 59.657 trillion pesos, a 19.6 percent increase over 2004's 49.876 trillion peso budget. Defense spending represents 15.4 percent of the national budget, down from 16.3 percent in 2004. It is the nation's third largest budget expense. Key program budgets are as follows, according to the Finance Ministry:

Social Protection: 22.4 trillion pesos
Education: 10.6 trillion pesos
Central Defense Budget: 9.2 trillion pesos
Public Health: 7.4 trillion pesos

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